(c) The decline in performance of Financial Institutions has been mainly due to slowdown in growth of investments in industry, moderate performance of services sector, comfortable liquidity in the banking system, lower off take by way of refinance, the inability of financial institutions to raise fresh resources on account of low credit ratings and mis-match between high cost of borrowings *vis-a-vis* expectations of good corporates for financial assistance at PLR or sub-PLR rates.

(d) The economy is now picking up. Interest rates have become attractive and are comparable with those abroad. IDBI is being corporatised. IFCI is being restructured. These and such other steps taken by Government will revive the off take of credit into the economy.

Fall in Demand of Gold

2039. SHRIMATI VANGA GEETHA: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether Gold demand trend in India has fallen significantly;

(b) if so, the factors behind the declining trend; and

(c) what has been its impact on jewellery and stock market?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) According to the World Gold Council and Gold Fields Mineral Survey (an independent London based market research agency), the consumer demand for gold in India dropped at 363MT in January to September, 2002 from 570MT in the same period last year.

(b) The adverse factors that affected global demand for gold seem to have an impact on Indian demand too. The rise in the doller gold price, the price volatility and the weak world economy continued to deter purchases of gold world-wide and in India.

(c) The high and sometimes volatile price remained a deterrent to jewellery purchases. The jewellery demand (excluding that funded by recycled gold) dropped in tonnage terms by 6.2% in the July to September, 2002 quarter *vis-a-vis* the first half of the year.

Gold prices have reached new recent highs while increasing volatility on the stock markets worldwide is also visible.